

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By **CHAIRMAN RIC HOLDEN**, on January 8, 2001 at
3:00 P.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Ric Holden, Chairman (R)
Sen. Pete Ekegren, Vice Chairman (R)
Sen. Mike Halligan (D)
Sen. Greg Jergeson (D)
Sen. Walter McNutt (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Gerald Pease (D)
Sen. Corey Stapleton (R)
Sen. Jon Tester (D)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Laramie Cumley, Committee Secretary
Doug Sternberg, Legislative Services

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 91, SB 165 1/3/01
Executive Action: none

Hearing on SB 91

Sponsor: SEN. BILL TASH, SD 17, Dillon.

Proponents: Ray Beck, Department of Natural Resources and
Conservation.
Sarah Carlson, Montana Association of Conservation
Districts.
John Bloomquist, Montana Stockgrowers Association.
Lorna Karn, Montana Farm Bureau.

Opponents: None

Opening Statement by Sponsor:

SEN. TASH explained SB 91 as being an opportunity to make available financing for projects to improve water quality. This also includes necessary steps to meet criteria for clean water in livestock containment facilities in an affordable manner. **SEN. TASH** Discussed Montana State Prison Ranch operations and clean water issues.

Proponents' Testimony:

Ray Beck, Director, Department of Natural Resources and Conservation, touched on allowing containment facilities to receive financing under the Renewable Resource grant program.

Sarah Carlson, Executive Director, Montana Association of Conservation Districts, maintained that SB 91 is a positive bill and allows local people to address local water quality problems.

John Bloomquist, Montana Stockgrowers Association, spoke of updated permitting to allow large projects and facilities to be funded for upgrades to come into compliance with Montana State law, and also to preserve adjacent state water bodies.

Lorna Karn, Montana Farm Bureau, agreed with Mr. Bloomquist.

Mike Murphy, Montana Water Resource Association, also agreed with Mr. Bloomquist.

Opponents' Testimony: none

Questions from Committee Members and Responses:

SEN. JON TESTER asked **Mr. Beck** if this was the grant available for up to \$100,000. **Mr. Beck** answered yes and explained that most are not available.

SEN. TESTER: Are the loans for up to \$100,000, not to exceed \$100,000? **Mr. Beck:** The loans are for up to \$200,000.

SEN. TESTER then asked if there was currently any money left over for loans or is this money all utilized under existing projects. **Mr. Beck** replied indeed there is money left over. The amounts vary depending on bonds and bond sales.

SEN. TESTER asked if these grants and loans would be available for new construction or only existing operations. **Mr. Beck** answered most are existing, but there are no set limits.

SEN. TESTER inquired whether a massive animal feeding operation could be eligible for this loan. **Mr. Beck** stated that he could not see anything that would restrict eligibility, depending on financial security.

SEN. GREG JERGESON questioned the priority order and why this bill was drafted in this manner. **SEN. RIC HOLDEN** asked for clarification of this question. **SEN. JERGESON** stated that if the priority order was not indicated under the criteria listed, why was the bill drafted so that this one was inserted between two existing purposes for which one of these grants or loans are made.

{Tape : 1; Side : A; Approx. Time Counter : 11}

Doug Sternberg, Legislative Services, explained that this appears to be simply tagged on the end as a new subsection (e) because there was no indication that anything was set up as a priority.

SEN. TOM ZOOK questioned the prioritization system in the Department. **Mr. Beck** answered yes, they do have recommendations that they present to the Legislature and they make the final decision.

SEN. ZOOK finished by asking if loans are just on the basis of qualifying. **Mr. Beck** replied yes, although these do not need the approval of the Legislature.

SEN. JERGESON inquired about ranking of projects for grants. In ranking these grants what would be a tie breaker between two projects. **Mr. Beck** stated that this would depend on the project, the cost of the project, and the benefits of the project. Also the department has to take into consideration the mandate of the law.

SEN. MIKE HALLIGAN asked if a fence could be financed as a containment facility. **Mr. Beck** responded by explaining that the purpose of this bill is to help finance improvements on much larger operations, such as a dairy farm or a large feedlot.

Closing by Sponsor:

SEN. TASH respectfully spoke about some of the committee's questions as being well-placed, although the intent of this bill is not to fund general operations. A grant or loan is based on criteria. Protecting water quality is the focus. This also provides funds for accidents and other problems that could come up. This bill is mostly just a "tune-up".

HEARING ON SB 165

Sponsor: **SEN. MAC COLE, SD 4, Hysham**

Proponents:

**Ralph Peck, Director, Montana Department of
Agriculture.
Bob Stephens, Montana Grain Growers Association,
Lorna Karn, Montana Farm Bureau
Art Loendorf, Montana Farmers Union**

Opponents: none

{Tape : 1; Side : B; Approx. Time Counter : 1.4}

Opening Statement by Sponsor:

SEN. MAC COLE, SD 4, HYSHAM testified that this bill is pertaining to amending some sections of the Montana Growth Through Agriculture Act. These clarifications help to improve agriculture growth.

Proponents' Testimony:

Ralph Peck, Director, Montana Department of Agriculture, presented written testimony. **EXHIBIT(ags05a01)** Mr. Peck discussed some of the technical language and amendments to SB 165.

Bob Stevens, Montana Grain Growers Association, complimented the department's fine job researching this bill and amendments.

Lorna Karn, Montana Farm Bureau, added "We support SB 165."

Art Loendorf, Montana Farmers Union, stated "This is a wonderful tool" and expressed their support.

Opponents' Testimony: none.

{Tape : 1; Side : B; Approx. Time Counter : 6.3}

Questions from Committee Members and Responses:

SEN. LINDA NELSON, questioned the words "for investment" . **Mr. Peck** answered, we would like to have the same criteria for the loan portion as well as the marketing assistance portion.

SEN. NELSON asked if there was anything in the Growth Through Agriculture act to help someone with a feasibility study? **Mr. Peck** said this clarifies that we can do that, although it is not easy because of the criteria involved.

SEN. NELSON inquired about interest rates on these loans. **Mr. Peck** stated that this is determined by a council review. The interest rate is 7% after they review the return.

SEN. JERGESON asked whether a research program could apply for this assistance? **Mr. Peck** stated, "We can help them to coordinate marketing, although the return on this type of assistance is 2½ times the investment. Therefore, this very rarely is used."

SEN. JERGESON asked for clarification on page 4, line 11. Would a group of people who developed an organization, provided training, and were interested in investing their own resources be supported by your Department? **Mr. Peck** said that in 1991, the incubator portion of this bill was struck, these words were left over. This is just clean-up language.

SEN. JERGESON asked whether a group of some kind who organized themselves as it is in this incubator could come to you with a project that met the criteria? **Mr. Peck** answered yes.

SEN. HALLIGAN questioned the expenses members were being paid.

SEN. HOLDEN asked if the \$50 per day compensation includes mileage, or is mileage paid on top. **Mr. Peck** replied that only certain members receive the \$50, the others receive \$25 per day but yes, this is only for their time.

SEN. TESTER inquired about officers and members at the top of page 6, although he had no question.

SEN. ZOOK requested an explanation about the "loan and invest" language. When you invest, you are looking for a return or you can sell your investment. However, with a loan, a payment is expected in a certain time. Loan and invest are two different

terms and when this says 2½ times the return on an investment, it sounds like a loan. **Mr. Peck** responded that is correct. The statute of this before stated that a loan could be paid back or not. So, we have always called these grants. We can also make a loan for research, but it has to be paid back at 2½ times the investment.

Closing by Sponsor: **SEN. COLE** closed by adding that this was a very good discussion.

Committee discussion

ADJOURNMENT

Adjournment: 4:00 P.M.

SEN. RIC HOLDEN, Chairman

LARAMIE CUMLEY, Secretary

RH/LC

EXHIBIT (ags05aad)